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INSURANCE IN GHANA*

When we analyze 17 Global Goals of Sustainable Development, we can see that 17 SDGs have established an emerging necessity to fight against the most important insurance accidents of not a singular person but the humankind. This means that each country in the world has to realize that it can face a great loss if one of the possible accidents happens in the future under the conditions of uncertainty and unpredictable catastrophes like, for example, we are watching worldwide since around the beginning of 2020.

The global insurance market has grown near 4%-6% during recent ten years [1]. But its development wasn't uniform for all countries. Some insurance markets are mature and already developed very much like the North American market or the West European insurance industry. Insurance in other countries have started to emerge just. For example, some Asia-Pacific regions expanded by 8 % during 2016-2019 and are the emerging markets. There are many gaps in the global insurance market now (Fig. 1).

As we can see on Fig. 1, there is not information about Africa. It can be explained by absence of enough investigations of this region insurance market while it is one of the most vulnerable area on the map. Africa is an emerging insurance market like the West European markets. And this market share of the total world growth is near 2% [1]. Ghana is one of the most prospective insurance market in Africa due to its size, population and speed of its development. And hereafter we shall consider in more detail this market of Ghana.

The insurance market is an underdeveloped in Ghana yet. The insurance legislation is not structured strictly enough. Therefore insurance in Ghana is a very appealing market for insurance companies from domestic companies and outside companies too because developed insurance markets abroad have already demonstrated the potential economic results. But it has to be realized that this market also consists of different kinds of fraud. Insurance fraud is illegal and it is grouped into two: *internal* and *external*.

- Internal fraud is against an insurance company by insured or agents such as false statement or documents
- External fraud is directed against an insurance company by an individual such as hit and run accidents and disaster fraud.

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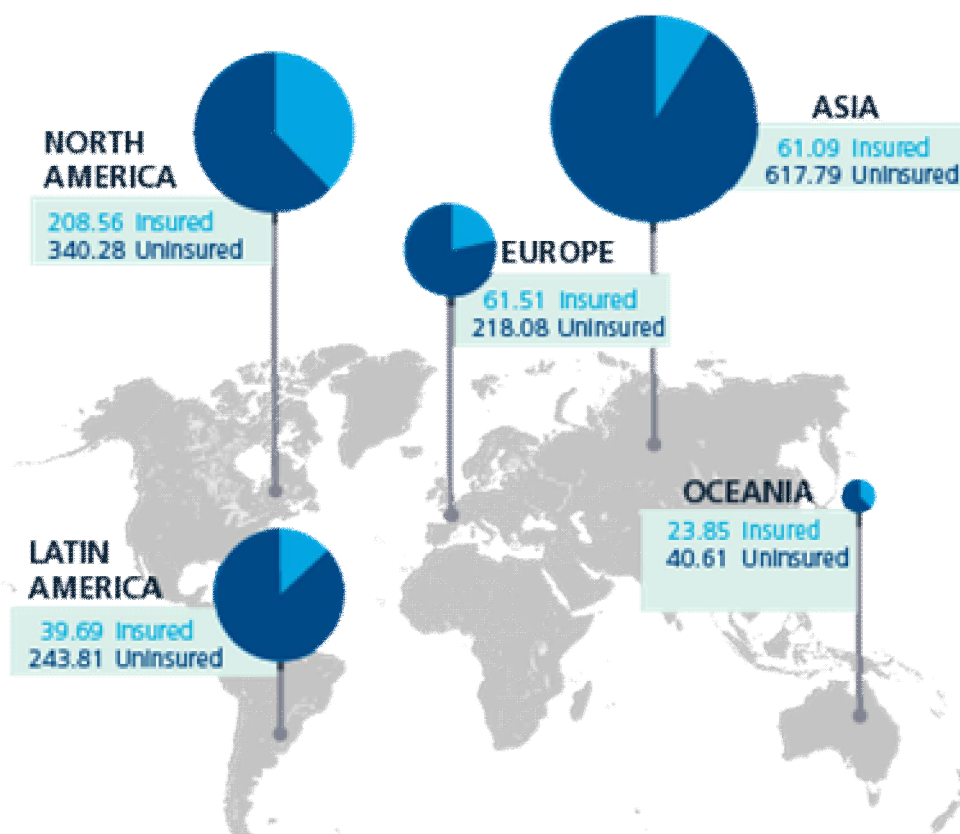


Fig 1. The protection gaps [2]

These negative processes are natural for emerging markets while the legislation and the system of punishments are not implemented and improved. But according to experiences of the mature insurance markets' development in the world [3; 4], it is a matter of time just. And domestic insurance companies have to create some professional associations to advance the best worldwide practices in insurance law and protect such the kind of insurance fraud.

In Ghana there are two main classifications of insurance, government or state insurance and private Insurance. Government insurance deals with social security while private insurance deals with life and other forms of general insurance. Now there are six formed types of insurance in Ghana as life insurance, personal automobile insurance, commercial auto insurance, property insurance, worker's compensation and health insurance [5]. The very special type of insurance will have to be agricultural insurance through dangerous climate changes and the fact that agriculture is a popular economic activity in Ghana [6].

The insurance industry's contribution to the country's gross domestic product of Ghana hovers around 1 %. Compare, on the mature insurance markets this criteria achieves 17% that could be a financial tool for sustainable development of a country during the economic crises because of the insurance market is asynchronous compare the national economics of the different countries in the world [7]. So the insurance market in Ghana has a great potential to grow up. But today situation has a negative implication towards nation building. Ghanaians over the years have witnessed a lot of fire outbreaks in market places, farms and other government agencies, accidents on the road and at the work places; gas explosion and house burglary among others [8]. In all these incidents, the citizenry cry to the central government to come to the aid of the victims. This is because the casualties do not have insurance cover. There is the need to build confidence in the



insurance sector, strong culture of using insurance services and this will go a long way to help increase the patronage of insurance. Life assurance companies find it difficult to settle claim payment and they subject customers to a long processing period while some claim settlements end up in court for redress.

All these give out a signal that the National Insurance Commission, that was established under Insurance Law (PNDC 227) [9], needs to sit up in its dealings to identify the needs of customers and develop appropriate service quality strategies to meet their needs. It is recommended that the government should play an important role in ensuring a conducive environment, capacity building, appropriate regulatory and legal framework as well as strategies to guide insurance operation in the country [8]. All types of insurance companies' associations from private and state sectors, including the National Insurance Commission, should orient on the worldwide practices and effective experience and collaborate with the international insurance organizations as InsuResilience GlobalPartnership, Dialog V20, Global Risk Financing Facility and so on.

Even the companies can institute on-line payment of claims, where customers can fill all their documents on-line for onward processing for claim settlement to avoid unnecessary traveling. Also, insurance companies can reward their customers for loyalty through price discounts or extra value, publication of their names in national dailies, free insurance policy for a year, special dinner dance, meeting with CEO, among others. Also, serious attention needs to be paid to product differentiation, because it will help companies to distinguished their products from competitors, insurance companies should continue to design new products to suit customers' needs. Customers are always willing to pay for high price especially if product or service is of quality.

The cost of disasters is enormous and therefore every citizen who lacks information must search for the relevant insurance information. Again, an assessment of available best services should be made by both new entrants and those who want to switch providers in order to select the best insurance company.

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